



Martha S. Mavredes CPA

Report Highlights

Judicial Agencies

For the Period July 1, 2011, through June 30, 2013

Scope

Our audit report includes the Office of the Executive Secretary of the Supreme Court of Virginia (OES), Clerk of the Supreme Court, Clerk of the Court of Appeals, the Judicial Inquiry and Review Commission, and the Virginia Criminal Sentencing Commission.

Key Findings and Recommendations

We found internal control matters and instances of noncompliance with applicable laws and regulations, five of which were findings repeated from the prior audit, that require management's attention and corrective action:

- OES does not have a method for tracking internal software development costs, which are included in the statewide Comprehensive Annual Financial Report (CAFR). OES should implement a method to track these costs for proper capitalization and expensing, in compliance with the Governmental Accounting Standards Board (GASB) No. 51, Accounting and Financial Reporting for Intangible Assets. (REPEAT FINDING)
- OES does not have defined criteria for the difference between a project and an enhancement or upgrade related to systems development projects, resulting in a lack of appropriate documentation for some projects. Documentation of the project plan and its progress is necessary to ensure that a project stays on schedule and within budget and meets the needs of the end user. OES should develop criteria to distinguish between a project and an enhancement.
- OES does not adequately protect sensitive systems by preventing back end users from accessing and/or editing database and system audit logs. OES should take the necessary steps to mitigate the risk of unauthorized changes and to assist in monitoring for malicious and anomalous system activity. (REPEAT FINDING)
- OES is not in compliance with the Commonwealth's Information Security Standard, SEC 501-08, that requires agencies to document, approve, and implement policies and procedures which establish how sensitive data should be safeguarded. OES should develop and implement the necessary policies and procedures for its information security program. The OES Information Security Officer should also regularly review the policies and procedures to ensure that they follow current industry best practices and that staff are properly trained in implementing those requirements. (REPEAT FINDING)
- The Information Security Officer at OES does not have reasonable security oversight and authority for all departments or information technology projects that produce and manage confidential and mission critical data within the organization. OES should realign the ISO position in the organization to govern, implement, and enforce its information security program for all of the departments under OES and be required to be formally involved in all IT projects in the future throughout the Court System. (REPEAT FINDING)
- OES does not appropriately consider business and systems security risks when its network environment and sensitive systems go through major upgrades and material changes, or at least once every three years. OES should continue to improve its Information Systems Security Program by complying with the requirements of SEC 501-08. (REPEAT FINDING)

Internal Control

A process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grants agreements.

GASB No. 51

The Governmental Accounting Standards Board (GASB) No. 51, Accounting and Financial Reporting for Intangible Assets, establishes the requirements for expensing and capitalizing internal software development costs.

SEC 501

The Commonwealth of Virginia's Information Security Standard, SEC 501, defines the minimum requirements for each Agency's information security management program. SEC 501 is typically applicable to the Commonwealth's executive, legislative, and judicial branch agencies, independent agencies, and institutions of higher education.



See the full report at
www.apa.virginia.gov

101 N 14th Street, Richmond, VA 23219
(804) 225.3350